

**GOGEBIC-ONTONAGON INTERMEDIATE**  
**SCHOOL DISTRICT**

**REPORT ON FINANCIAL STATEMENTS**  
(with additional information)

For the Year Ended June 30, 2008

**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

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**ANDERSON, TACKMAN & COMPANY, P.L.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

*(Regional Firm with Offices in Michigan and Wisconsin)*

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INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Gogebic-Ontonagon Intermediate School District  
Bergland, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gogebic-Ontonagon Intermediate School District ("District") as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's Board of Education and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the District's Board of Education and management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Gogebic-Ontonagon Intermediate School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2008, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis and the required supplemental information identified in the table of contents are not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants

Iron Mountain, Michigan  
October 22, 2008

Gogebic-Ontonagon Intermediate School District  
Management Discussion and Analysis  
(Unaudited)  
For the Fiscal Year Ended June 30, 2008

Gogebic-Ontonagon Intermediate School District's Management Discussion and Analysis is intended to assist the reader to focus on significant financial issues, provide an overview of the District's financial activity, and identify changes in the District's financial position including its ability to address the next and subsequent years' challenges. It also identifies any material deviations from the financial plan and identifies individual fund issues or concerns. This is a requirement of the Governmental Accounting Standards Board Statement No. 34 (GASB 34) "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" and is intended to provide the financial results for the fiscal year ending June 30, 2008.

***Management's Discussion and Analysis (MD&A)***  
(Required Supplemental Information)

Basic Financial Statements

***District-Wide Financial Statements***

***Fund Financial Statements***

Notes to the Basic Financial Statements

***(Required Supplemental Information)***  
(other than MD&A expanded)

As mentioned, GASB 34 requires the presentation of two basic types of financial statements: District-Wide Financial Statements and Fund Financial Statements.

**District-Wide Financial Statements**

The District-Wide Financial Statements provide a perspective of the District as a whole. These financial statements use the full accrual basis of accounting similar to private sector companies. There are two District-Wide Financial Statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets combines and consolidates governmental funds: current financial resources (short-term available resources) with capital assets and long-term obligations, regardless of their current availability.

Consistent with the full accrual basis method of accounting, the Statement of Activities accounts for current year revenues and expenses regardless of when cash is received or paid. The intent of this statement is to summarize and simplify the user's analysis of the costs of various District services.

Gogebic-Ontonagon Intermediate School District  
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**Fund Financial Statements**

The Fund Financial Statements are similar to financial presentations of years past, but the new focus is on the District's Major Funds rather than fund types as in the past. The two Account Groups: General Fixed Assets and General Long-Term Debt are no longer reported. Consistent with previous years, the fund statements are reported using the modified accrual method of accounts. Under this basis of accounting, revenues are recorded when received, except when they are measurable and available and therefore represent resources that may be appropriated. Expenditures are accounted for in the period those goods and services are used in school programs. In addition, capital asset purchases are expensed and not recorded as an asset. Debt payments are recorded as expenditures in the current year, and future debt obligations are not recorded.

Fund types include the General Fund, Special Education Fund, and Vocational Education Fund. The General Fund, Special Education Fund, and Vocational Education Fund are used primarily to account for the general education requirements of the District. Its revenues are derived from property taxes, state and federal distributions and grants, and other intergovernmental revenues.

Gogebic-Ontonagon Intermediate School District  
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For the Fiscal Year Ended June 30, 2008

**Financial Analysis of the District as a Whole**

Summary of Net Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
<b>Assets:</b>		
Current assets	\$ 1,778,408	\$ 1,545,815
Net capital assets	<u>572,442</u>	<u>476,354</u>
<b>Total assets</b>	<u>2,350,850</u>	<u>2,022,169</u>
<b>Liabilities:</b>		
Current liabilities	450,714	426,812
Long term liabilities	<u>198,394</u>	<u>189,934</u>
<b>Total liabilities</b>	<u>649,108</u>	<u>616,746</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	407,503	311,415
Unrestricted	<u>1,294,239</u>	<u>1,094,008</u>
<b>Total net assets</b>	<u>1,701,742</u>	<u>1,405,423</u>
<b>Total Net Assets and Liabilities</b>	<u>\$ 2,350,850</u>	<u>\$ 2,022,169</u>

The School District's net assets totaled \$1,701,742 at June 30, 2008, compared to \$1,405,423 at June 30, 2007. Total net assets can be separated into two categories: invested in capital assets, net of related debt and unrestricted assets.

Net capital assets are a combination of funds available for capital assets less accumulated depreciation and related debt. The original cost of capital assets was \$935,983 at June 30, 2008, and \$780,448 at June 30, 2007. The accumulated depreciation is the accumulation of depreciation expense since acquisition. In accordance with Generally Accepted Accounting Principles (GAAP), depreciation expense is recorded on the original cost of the asset, less any estimated salvage value, expensed over the estimated use life of the assets. Total accumulated depreciation was \$363,541 at June 30, 2008, and \$304,094 at June 30, 2007. Total debt related to capital assets was \$164,939 at June 30, 2008, and \$164,939 at June 30, 2007.

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The remaining balance in unrestricted assets represents an excess balance of \$1,294,239 at June 30, 2008, and \$1,094,008 at June 30, 2007.

The results of this year's operations for the School District as a whole are reported in the Statement of Activities. A summary of the District-Wide results of operations for the years ended June 30, 2008 and June 30, 2007 is as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Program revenue		
Operating grants - federal state local	<u>1,283,918</u>	<u>1,499,774</u>
Total program revenue	<u>1,283,918</u>	<u>1,499,774</u>
General revenue		
Property taxes levied for general operations	2,157,189	2,082,122
State of Michigan aid, unrestricted	1,272,742	1,283,002
Other- federal, state and local	<u>119,292</u>	<u>191,161</u>
Total general revenue	<u>3,549,223</u>	<u>3,556,285</u>
Total revenue	<u>4,833,141</u>	<u>5,056,059</u>
Expenses		
Instruction	1,471,106	1,272,018
Support services	3,001,581	3,427,957
Interest on long term debt	4,688	6,212
Depreciation (unallocated)	<u>59,447</u>	<u>46,107</u>
Total expenses	<u>4,536,822</u>	<u>4,752,294</u>
Increase in net assets	296,319	303,765
Net Assets July 1	<u>1,405,423</u>	<u>1,101,658</u>
Net Assets June 30	<u>\$ 1,701,742</u>	<u>\$ 1,405,423</u>



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**GOVERNMENTAL FUNDS FINANCIAL HIGHLIGHTS**

The overall condition of the governmental funds has decreased during the fiscal year June 30, 2008, and increased during June 30, 2007 fiscal year. Several factors that contributed to the situation include a decrease in revenue of \$194,274 and a reduction in other financial sources of \$28,644. Expenditures increased by \$108,395 and other financial uses were reduced by \$214,108 mainly from reduction in a grant.

**MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS**

The District's budgets are prepared according to Michigan law and are initially adopted prior to July 1 of each year, before student enrollment counts are known. Therefore, it is expected that there will be changes between the initial budget and subsequent budgets, as actual enrollments are known. The most significant fund budgeted is the General Fund, Special Education Fund, and Vocational Education Fund. The fund's operating budgets were amended three times during the fiscal year.

**General Fund Operations**

In the General Fund operations, the actual revenue for fiscal year June 30, 2008 was \$798,652. This is below the original budget of \$1,065,383 and above the final budget of \$774,323. The actual expenditures of the general fund for fiscal year June 30, 2008 operations were \$648,480. This is below the original budget of \$921,593 and below the final budget of \$674,219.

**Special Education Fund Operations**

In the Special Education Fund operations, the actual revenue for fiscal year June 30, 2008 was \$3,133,296. This is above the original budget of \$2,994,100 and above the final budget of \$3,106,454. The actual expenditures of the special education fund for fiscal year June 30, 2008 operations were \$3,107,919. This is above the original budget of \$3,103,285 and below the final budget of \$3,135,314.

**Vocational Education Fund Operations**

In the Vocational Education Fund operations, the actual revenue for fiscal year June 30, 2008 was \$901,194. This is above the original budget of \$893,123 and below the final budget of \$902,227. The actual expenditures of the vocational education fund for fiscal year June 30, 2008 operations were \$838,713. This is below the original budget of \$849,736 and below the final budget of \$845,402.

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**Variance Explanations from the Original Budget to Final Budget**

**General Fund:**

**Revenue:** The main differences resulted from a federal grant not being approved (\$225,000) and an increase in local sources (\$13,768), state sources (\$32,145) and transfers (\$18,863).

**Expenditures:** Differences were the elimination of a federal grant (\$225,000), grant reductions (\$15,583), a decrease in reading (\$5,714), increase in in-service (\$5,000) and computer technology (\$10,595), an increase in general administration (\$2,002) and a reduction in operation and maintenance (\$8,176).

**Special Education:**

**Revenue:** Differences were a revised increase in local sources (\$42,807), state sources (\$90,206), and reductions in federal sources (\$6,002) and transfers (\$14,657).

**Expenditures:** Expenditures were reduced in pupil services (\$22,591), a psychologist position not filled (\$84,436), reduction in transportation estimate (\$31,735), and an increase in projected payments to local school districts (\$149,982).

**Vocational Education:**

**Revenue:** An increase in estimated local revenue (\$28,212) and a reduction of (\$19,108) in state sources.

**Expenditures:** Most variances were small with an increase in estimated instructional expenses of (\$35,771) and reductions in Vocational Education Director (\$18,960), general administration (\$3,864), operation and maintenance (\$6,856), and capital outlay (\$7,600).

**Variance Explanations from the Final Budget to Actual**

**General Fund:**

**Revenue:** Had a variance of \$24,984 or less than 3.5% on the revenue.

**Expenditure:** Expenditures were \$25,640 less than budget or less than a 4% variance on total expenditures. Technology expenditures were \$5,006 less and Board of Education was \$5,263 less and in-service was (\$10,000) less.

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**Special Education:**

**Revenue:** Revenue exceeded budget by .9%

**Expenditure:** Expenditures were .9% less than budget.

**Vocational Education:**

**Revenue:** Revenue was less than budget by .1%.

**Expenditures:** Expenditures were .8% less than budget.

**TOTAL REVENUES**

Below is a summary of the governmental fund revenues and their percentages as they relate to governmental funds.

	Total Revenue June 30, 2008	Percentage	Total Revenue June 30, 2007	Percentage
State of Michigan Aid unrestricted	\$ 1,272,742	26.33%	\$ 1,283,002	25.38%
Prop taxes general operation	2,157,189	44.63%	2,082,122	41.18%
Operating grants federal state local	1,283,918	26.56%	1,499,774	29.66%
Other federal, state and local	119,293	2.47%	191,161	3.78%
Total Revenues	<u>\$ 4,833,142</u>	<u>100.00%</u>	<u>\$ 5,056,059</u>	<u>100.00%</u>

Gogebic-Ontonagon Intermediate School District  
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**GOVERNMENTAL FUND EXPENDITURES**

Below is a summary of the governmental fund expenditures and their percentages as they relate to total governmental funds:

	Total Expenditures June 30, 2008	Percentage	Total Expenditures June 30, 2007	Percentage
General Fund	\$ 648,479	14.11%	\$ 970,403	20.52%
Special Education	3,107,919	67.64%	2,979,077	62.99%
Vocational Education	838,713	18.25%	779,988	16.49%
Total Expenditures	<u>\$ 4,595,111</u>	<u>100.00%</u>	<u>\$ 4,729,468</u>	<u>100.00%</u>

**Unrestricted State Aid**

Special Education is predominately funded by State Aid based on a blended count formula that the State of Michigan utilizes. State revenues to the District have increased as a result of an increase in Section 51a, Section 52, and Great Parents/Great Start.

**Property Taxes**

The District levies 3.2923 mills of property taxes on all Non-Homestead property located within the District for operations. The levy is assessed on the taxable value of the property. The increase in taxable value is limited to the lesser of the inflation rate of the prior year or 5%. When a property is sold, the taxable valuation of the sold property is readjusted to the State Equalized Value, which is approximately 50% of market value.

**Operating Grants Federal, State, and Local**

The District is heavily dependent upon Grant funding. Below are some of the major grants and their funding sources:

State: Great Parent Great Start  
Federal: Flow Through, Preschool, EOSD, Early On, Transition, Carl Perkins, and Tech Prep  
Local: Reading First, and Math/Science

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**ENROLLMENT**

Special Education is the only fund that receives State Aid based on student enrollment. The enrollment has remained steady, and is expected to continue at near current levels. The 2007/2008-student count was 38.49, which will become part of the Special Education foundation payments for the 2008/2009 fiscal year.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of the fiscal year 2008, the District had \$935,983 invested in land and building, furniture and equipment, vehicles and buses compared to \$780,448 at June 30, 2007. Of this amount, \$363,541 and \$304,094 have been depreciated at June 30, 2008 and June 30, 2007 respectively. Net book value totaled \$572,442 at June 30, 2008, and \$476,354 at June 30, 2007. Due to budget constraints related to the State of Michigan financial status, and flat enrollments, the ability to maintain these buildings has become increasingly difficult. The District maintains a \$1,000 threshold for capitalization of assets.

**Outstanding Debt at Year End**

As of June 30, 2008 and June 30, 2007 the District had \$164,939 in bonds outstanding for the Durant Settlement. The District collects state funding equal to the payments on a yearly basis.

For more detailed information regarding capital assets and debt administration, please review the Notes to the Basic Financial Statements located in the financial section of this report.

**CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This report is designed to give an overview of the financial conditions of the Gogebic-Ontonagon Intermediate School District. For additional detailed financial information contact:

Bruce F. Mayle  
Superintendent  
Gogebic-Ontonagon Intermediate School District  
202 Elm Street  
Bergland, MI 49910  
Office Telephone (906) 575-3438  
Fax Telephone (906) 575-3373

**GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**

**STATEMENT OF NET ASSETS**

June 30, 2008

	<u>Governmental Activities</u>
ASSETS:	
Current assets:	
Cash and equivalents	\$ (7,190)
Investments	1,362,088
Receivables:	
Taxes	28,169
Accounts	1,507
Due from other districts	66,515
Due from other governmental units	<u>327,319</u>
Total current assets	<u>1,778,408</u>
Noncurrent assets:	
Capital assets	935,983
Accumulated depreciation	<u>(363,541)</u>
Total noncurrent assets	<u>572,442</u>
TOTAL ASSETS	<u>2,350,850</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	138,017
Accrued expenses	187,585
Accrued interest	33,244
Deferred revenue	14,759
Bonds payable	15,545
Early retirement incentive	24,000
Compensated absences	<u>37,564</u>
Total current liabilities	<u>450,714</u>
Noncurrent liabilities:	
Bonds payable	149,394
Early retirement incentive	42,000
Compensated absences	<u>7,000</u>
Total noncurrent liabilities	<u>198,394</u>
TOTAL LIABILITIES	<u>649,108</u>
NET ASSETS:	
Invested in capital assets, net of related debt	407,503
Unrestricted	<u>1,294,239</u>
TOTAL NET ASSETS	<u>\$ 1,701,742</u>

The accompanying notes to the financial statements are an integral part of this statement.





ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2008

	Program Revenue			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>FUNCTIONS/PROGRAMS</b>				
<b>PRIMARY GOVERNMENT:</b>				
Governmental Activities:				
Instruction	\$ 1,471,106	\$ -	\$ -	\$ (1,471,106)
Support	3,001,581	-	1,283,918	(1,717,663)
Depreciation	59,447	-	-	(59,447)
Debt interest, fees and expenses	4,688	-	-	(4,688)
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>4,536,822</b>	<b>-</b>	<b>1,283,918</b>	<b>(3,252,904)</b>
General revenues:				
Property taxes				\$ 2,157,189
State revenue sharing				1,272,742
Grants and contributions not restricted to specific programs				44,290
Unrestricted investment earnings				72,912
Other				2,090
Total general revenues and transfers				3,549,223
Changes in net assets				296,319
Net assets, beginning of year				1,405,423
Net assets, end of year				\$ 1,701,742

The accompanying notes to the financial statements are an integral part of this statement.

**GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**

**BALANCE SHEET  
GOVERNMENTAL FUNDS**

June 30, 2008

	<u>General</u>	<u>Special Education</u>	<u>Vocational Education</u>	<u>Total Governmental Funds</u>
ASSETS:				
Cash and equivalents	\$ (188)	\$ (7,377)	\$ 375	\$ (7,190)
Investments	456,890	536,673	368,525	1,362,088
Receivables:				
Taxes	2,588	17,830	7,751	28,169
Accounts	142	1,290	75	1,507
Due from other funds	61,616	-	2,087	63,703
Due from other districts	63,315	3,200	-	66,515
Due from other governments	71,015	183,303	73,001	327,319
<b>TOTAL ASSETS</b>	<u><b>\$ 655,378</b></u>	<u><b>\$ 734,919</b></u>	<u><b>\$ 451,814</b></u>	<u><b>\$ 1,842,111</b></u>
LIABILITIES:				
Accounts payable	\$ 29,791	\$ 89,480	\$ 18,746	\$ 138,017
Accrued expenses	17,027	153,705	16,853	187,585
Due to other funds	-	46,754	16,949	63,703
Deferred revenue	14,759	-	-	14,759
<b>TOTAL LIABILITIES</b>	<u><b>61,577</b></u>	<u><b>289,939</b></u>	<u><b>52,548</b></u>	<u><b>404,064</b></u>
FUND BALANCE AND OTHER CREDITS:				
Fund balances:				
Unreserved-Designated	10,167	35,706	7,518	53,391
Unreserved-Undesignated	583,634	409,274	391,748	1,384,656
<b>TOTAL FUND BALANCE AND OTHER CREDITS</b>	<u><b>593,801</b></u>	<u><b>444,980</b></u>	<u><b>399,266</b></u>	<u><b>1,438,047</b></u>
<b>TOTAL LIABILITIES, FUND BALANCE AND OTHER</b>	<u><b>\$ 655,378</b></u>	<u><b>\$ 734,919</b></u>	<u><b>\$ 451,814</b></u>	<u><b>\$ 1,842,111</b></u>

The accompanying notes to the financial statements are an integral part of this statement.





**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET ASSETS**

For the Year Ended June 30, 2008

Total fund balances for governmental funds	\$ 1,438,047
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Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land and improvements	\$ 49,383	
Buildings	427,717	
Equipment	400,341	
Vehicles	<u>58,542</u>	
 Total capital assets	 935,983	
Accumulated depreciation	<u>(363,541)</u>	
 Net capital assets		 572,442

Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities, both current and long-term, are reported in the statement of net assets.

Accrued interest on long-term debt	\$ (33,244)	
 Bonds payable	 (164,939)	
Compensated absences	(66,000)	
Early retirement incentive	<u>(44,564)</u>	<u>(308,747)</u>
 Total net assets of governmental activities		 <u>\$ 1,701,742</u>



**GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2008

	General	Special Education	Vocational Education	Total Governmental Funds
REVENUES:				
Local Sources	\$ 272,294	\$ 1,395,088	\$ 636,915	\$ 2,304,297
State Sources	355,051	811,530	78,345	1,244,926
Federal Sources	34,200	911,482	185,934	1,131,616
TOTAL REVENUES	661,545	3,118,100	901,194	4,680,839
EXPENDITURES:				
Instruction:				
Current	-	1,142,610	331,385	1,473,995
Capital outlay	-	-	71,881	71,881
Supporting services:				
Current	526,027	1,626,371	428,062	2,580,460
Capital outlay	122,452	14,627	7,385	144,464
TOTAL EXPENDITURES	648,479	2,783,608	838,713	4,270,800
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,066	334,492	62,481	410,039
OTHER FINANCING SOURCES (USES):				
Payments received from other governmental units	137,106	15,196	-	152,302
Payments to other governmental units	-	(324,311)	-	(324,311)
TOTAL OTHER FINANCING SOURCES (USES)	137,106	(309,115)	-	(172,009)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	150,172	25,377	62,481	238,030
FUND BALANCE, JULY 1	443,629	419,603	336,785	1,200,017
FUND BALANCE, JUNE 30	\$ 593,801	\$ 444,980	\$ 399,266	\$ 1,438,047

The accompanying notes to the financial statements are an integral part of this statement.



**GOGEBIC-ONTONAGON INTERMEDIATE**  
**SCHOOL DISTRICT**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2008

Net changes in fund balances - total governmental funds	\$ 238,030
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The change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$155,535 exceeded depreciation expense \$(59,447).	96,088
---	--------

Under the modified accrual basis of accounting used in governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. This adjustment combines the following net changes:

Compensated absences	2,889
Early retirement incentive	(36,000)
Accrued interest	<u>(4,688)</u>
 Changes in net assets of governmental activities	 <u>\$ 296,319</u>



**GOBEGIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying basic financial statements of the Gogebic-Ontonagon Intermediate School District ("District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units, as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the District are described below.

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Some of the significant changes in the statement include the following:

An Administration's Discussion and Analysis section providing an analysis of the District's overall financial position and results of operations.

Financial statements prepared using full accrual accounting for all the District's activities.

A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The District has elected to implement the provisions of the Statement.

**A. Reporting Entity**

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB Statement #14, *The Financial Reporting Entity* and as amended by GASB Statement #39.

The criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity's financial statements include budget adoption, taxing authority, funding, appointment of the respective governing board, and scope of public service.

Based on the foregoing criteria, it has been determined that there are no component units of the Gogebic-Ontonagon Intermediate School District.

**B. Basic Financial Statements – Government-Wide Statements**

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities except for fiduciary activities.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basic Financial Statements – Government-Wide Statements**

In the government-wide Statement of Net Assets, both the governmental activities column (a) is presented on a consolidated basis, (b) and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.).

The District does not allocate indirect costs. In creating the government-wide financial statements the District has eliminated interfund transactions.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities,

**C. Basic Financial Statements – Fund Financial Statements**

The accounts of the District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenue and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped into generic fund types in two broad fund categories as follows:

Governmental Funds - Governmental funds are used to account for the acquisition, use and balances of expendable financial resources and the related current liabilities, except for those accounted for in fiduciary funds. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

General Fund - The General Fund is the primary operating fund of the District. It is used to account for all financial transactions of the District, except those required to be accounted for in other funds.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Basic Financial Statements – Fund Financial Statements (Continued)

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or capital projects) that are legally restricted to expenditures for specified purposes. The District uses the Special Revenue Fund to account for the Gogebic-Ontonagon Intermediate School District's activity.

Account Groups - Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The following are the District's account groups:

General Fixed Assets -- This group of accounts was established to account for all general fixed assets of the District.

General Long-Term Obligations - This group of accounts has been established to account for unmatured general long-term obligations and certain other liabilities of the District not expected to be liquidated through the use of available expendable financial resources.

D. Measurement Focus and Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made regardless of the measurement focus. The governmental-wide statement uses the economic resources measurement focus.

Accrual

Governmental activity in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available (susceptible to accrual). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after the year end. A one year period is used for revenue recognition for all other governmental fund revenues. Those revenues prone to accrual are property taxes, federal aid, interest-revenue, and charges for services.



**GOGEGIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Measurement Focus and Basis of Accounting (Continued)**

The District reports deferred revenue on its governmental fund balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

State Foundation Revenue - For the fiscal year ended June 30, 2008, the State of Michigan adopted a foundation grant approach which provides for a specific annual amount of revenue per student based on a state wide formula. In previous years, the state utilized a district power equalizing approach. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2008, the foundation allowance was based on the average of pupil membership counts taken in February and September of 2007.

Expenditures and related liabilities are recognized when obligations are incurred as a result of the receipt of goods and services. Modifications include:

Principal and interest on general long-term debt are recorded as fund liabilities when due, or when amounts have been accumulated in the debt service fund for payments of principal and interest to be made early in the following year.

**E. Cash and Equivalents**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition. Cash and equivalent balances for individual funds are pooled unless maintained in segregated accounts.

**F. Interfund Balances and Transfers**

The current portion of lending/borrowing arrangements between funds are identified as "due to/from other funds". The non-current portion of outstanding balances between funds are reported as "advances to/from other funds". Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

Transfers represent a flow of assets without equivalent flows of assets in return or a requirement for repayment.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

G. Inventories and Prepaid Items

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories in the Special Revenue Fund consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Inventories for commodities are recorded as revenue when utilized. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

H. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	20-50 years
Buses and other vehicles	5-10 years
Furniture and other equipment	5-20 years

The District has adopted a capitalization policy of \$1,000.

I. Long-Term Debt

Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group.

J. Compensated Absences

Amounts representing accumulated vacation and personal leave expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the government fund that will pay it.





**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Property Taxes**

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. The taxes are levied as of December 1 and are due upon receipt of the billing by the taxpayer and become a lien on the first day of the levy year. The actual due dates are February 14, after which time the bills become delinquent and penalties and interest may be assessed by the collecting entity. School District property tax revenues are recognized as revenue when levied to the extent they result in current receivables (collected within sixty days after year end). Amounts received subsequent to August 31 are recognized as revenue when collected.

The District, along with certain other governmental units, is permitted by the Constitution of the State of Michigan of 1963 to levy combined taxes up to \$50 per \$1,000 of assessed valuation for general governmental services other than the payment of Debt Service Fund expenses if approved by a majority of the electors. The District must include certain tax levies of other governmental units located within the District, primarily the county, when determining the maximum millage of \$50 per \$1,000 of assessed valuation. For the year ended June 30, 2008, the District levied the following amounts per \$1,000 of assessed valuation:

Fund Mills

General Fund - Non-Homestead	.3116
Special Education	2.0775
Vocational Education	.9032

**L. Unemployment Insurance**

The District reimburses the Michigan Employment Security Commission (MESC) for the actual amount of unemployment benefits disbursed by the MESC on behalf of the District. Billings received for amounts paid by the MESC through June 30 are accrued.

**M. Fund Balance**

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes or indicates that a component of net current assets does not constitute "available spendable resources". Designated fund balances represents amounts set aside by the governing body for specific purposes.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

N. Budgets

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general and special revenue funds. All annual appropriations lapse at fiscal year end. The District follows these procedures in establishing the budgetary date reflected in the financial statements:

1. The Superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1<sup>st</sup>. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budget is at the functional level as set forth in the combined statement of revenues, expenditures and changes in fund balances - budget and actual - all governmental fund types.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to July 1<sup>st</sup>, the budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated, or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred unless authorized in the budget, or in excess of the amount appropriated. Any material expenditures in violation of the budgeting act are disclosed in the footnotes.
4. The Superintendent is authorized to transfer budgeted amounts between major expenditure functions within any fund; however, these transfers and any revisions that alter the total expenditures of any fund must be approved by the School Board.
5. Formal budgetary integration is employed as a management control device during the year for the general fund.
6. The budget as presented, has been amended. Supplemental appropriations were made during the year with the last one approved prior to June 30<sup>th</sup>.

The budget for the year ended June 30, 2008 was adopted on June 28, 2007 and formally amended on October 17, 2007, February 20, 2008, and June 26, 2008.

A comparison of actual results of operations to the budgeted amounts (at the level of control adopted by the Board of Education) for the General Fund and Special Revenue Funds are presented as Required Supplemental Information.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 2 - CASH AND EQUIVALENTS**

Deposits

The District's cash and equivalents, as reported in the Statement of Net Assets, consisted of the following:

Petty cash	\$ 75
Checking accounts	(7,265)
Total	\$(7,190)

Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Deposit Risk

*Custodial Credit Risk.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned. State law does not require and the District does not have a policy for deposit custodial credit risk. As of June 30, 2008, the District's checking accounts were not exposed to credit risk because they were fully insured.

Investments

The District's investments, as reported in the Statement of Net Assets, consisted of the following:

Michigan Liquid Asset Fund (MILAF)	\$1,362,088
------------------------------------	-------------

Michigan statutes authorize the District to invest in bonds, other direct obligations and repurchase agreements of the United States, certificates of deposits, savings accounts, deposit accounts or receipts of a bank which is a member of the FDIC, commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and matures within 270 days of date of purchase, bankers' acceptances of United States banks, obligations of the State of Michigan and its political subdivisions, external investment pools, and certain mutual funds.

Investments are recorded at fair market value, which is based on quoted market prices.

*Interest Rate Risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments are with the Michigan Liquid Asset Fund (MILAF) which consists of different funds including mutual funds with a high degree of liquidity, thus the District's investments are not subject to interest rate risk.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 3 - INTERFUND BALANCES AND TRANSFERS**

Interfund receivables and payables for the year ended June 30, 2008 are as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund:		Special Education:	
Special Education	\$44,667	General Fund	\$44,667
Vocational Education	<u>16,949</u>	Vocational Education	<u>2,087</u>
Total	61,616	Total	46,754
Vocational Education:		Vocational Education:	
Special Education	<u>2,087</u>	General	<u>16,949</u>
Total	\$63,703	Total	\$63,703

**NOTE 4 - CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2008 follows:

	<u>Balance July 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
Land	\$ 42,500	\$ -	\$ -	\$ 42,500
Land improvements	6,883	-	-	6,883
Building	427,717	-	-	427,717
Equipment	244,806	155,535	-	400,341
Vehicles	<u>58,542</u>	<u>-</u>	<u>-</u>	<u>58,542</u>
 TOTALS	 780,448	 <u>\$ 155,535</u>	 <u>\$ -</u>	 935,983
 Accumulated Depreciation	 <u>(304,094)</u>	 <u>\$ (59,447)</u>	 <u>\$ -</u>	 <u>(363,541)</u>
 Net Fixed Assets	 <u>\$ 476,354</u>			 <u>\$ 572,442</u>

Depreciation for the year ended June 30, 2008, amounted to \$59,447. The District determined that it was impractical to allocate depreciation to various governmental activities as the assets serve multiple functions.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 5 – LONG-TERM OBLIGATIONS**

During the year ended June 30, 2008, the following changes occurred in long-term obligations:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008	Amounts Due Within One Year
Durant Bonds	\$ 164,939	\$ -	\$ -	\$ 164,939	\$ 15,545
Early Retirement Incentive	30,000	54,000	(18,000)	66,000	24,000
Vested Vacation & Sick Leave	47,453	-	(2,889)	44,564	37,564
Total	<u>\$ 242,392</u>	<u>\$ 54,000</u>	<u>\$ (20,889)</u>	<u>\$ 275,503</u>	<u>\$ 77,109</u>

**NOTE 6 - BONDS AND NOTES PAYABLE**

Long-term obligations at June 30, 2008 is comprised of the following amounts:

1. 1998 Durant Bonds, in the original amount of \$279,340 due in annual installments from \$19,613 to \$131,798 through May, 15, 2013, with interest at 4.76%. \$164,939

The annual State of Michigan appropriation is the only revenue source for making the annual payments on the Durant Bonds. The District is under no obligation to make the annual payment in any year the legislature fails to appropriate the proper amount of funds.

2. Early retirement incentive 66,000
3. Vested vacation and sick leave 44,564
- Total \$275,503

The annual requirements to amortize long-term obligations outstanding as of June 30, 2008 are as follows:

Year Ended June 30	<u>Bond Issues</u>		Early Retirement Incentive	Vacation & Sick Leave	Total
	<u>Principal</u>	<u>Interest</u>			
2009	\$ 15,545	\$ 4,070	\$ 24,000	\$ 37,564	\$ 81,179
2010	95,737	36,061	24,000	-	155,798
2011	17,060	2,555	18,000	-	37,615
2012	17,873	1,742	-	-	19,615
2013	<u>18,724</u>	<u>891</u>	<u>-</u>	<u>7,000</u>	<u>26,615</u>
TOTALS	<u>\$ 164,939</u>	<u>\$ 45,319</u>	<u>\$ 66,000</u>	<u>\$ 44,564</u>	<u>\$ 320,822</u>

Interest expense for the year ended June 30, 2008 was \$0.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 7 - FUND BALANCES**

Portions of fund balances are reserved or designated and not available for general purposes other than fund usage as follows.

	<u>Unreserved Designated</u>
General Fund:	
Future sick leave benefits	\$10,167
Special Education:	
Future sick leave benefits	35,706
Vocational Education:	
Future sick leave benefits	<u>7,518</u>
TOTAL	<u>\$53,391</u>

**NOTE 8 - EMPLOYEE RETIREMENT SYSTEM - DEFINED BENEFIT PLAN**

**Plan Description** – The School District participates in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost-sharing, multiple-employer, defined benefit public employee retirement system governed by the State of Michigan that covers substantially all employees of the District. The system provides retirement, survivor and disability benefits to plan members and their beneficiaries. The Michigan Public School Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the system. That report may be obtained by writing to the system at 7150 Harris Drive, P.O. Box 30673, Lansing, MI 48909-8103.

**Funding Policy** – Employer contributions to the system result from the implementing effects of the School Finance Reform Act. Under these procedures, each school district is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis.

The pension benefit rate totals 17.74 percent for the period July 1, 2007 through September 30, 2007 and 16.72 percent for October 1, 2007 through June 30, 2008 of the covered payroll to the plan. Basic plan members make no contributions, but Member Investment Plan members contribute at rates ranging from 3 percent to 4.3 percent of gross wages. The District's contributions to the MPERS plan for the years ended June 30, 2008, 2007, and 2006 were \$367,590, \$301,243, and \$283,109.

**Post Employment Benefits** – Under the MPERS Act, all retirees participating in the MPERS Pension Plan have the option of continuing health, dental and vision coverage. Retirees having these coverages contribute an amount equivalent to the monthly cost of Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverages. Required contributions for post employment health care benefits are included as part of the District's total contribution to the MPERS plan discussed above.



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

For the Year Ended June 30, 2008

(Continued)

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participated in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums to each pool for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said year, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. Each of the pools maintain reinsurance for claims in excess of \$500,000 for each occurrence with the overall maximum coverage being unlimited. The District has not been informed of any special assessments being required. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance.

**NOTE 10 - USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 11 - SIGNIFICANT ESTIMATES**

Included in footnote 8 is a summary of the employee retirement plan provisions and actuarial assumptions. The actuarial assumptions are very critical to the computation of actuarial determined liabilities of the plan. If the assumptions differ from actual results annual contributions to the defined benefit plan can substantially change.

**NOTE 12 - COMPENSATED ABSENCES**

At June 30, 2008 accumulated non-vested sick time amounted to \$49,255. Non-vested, unused sick time does not vest and so is not included in the general long-term debt account group.





ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

REQUIRED SUPPLEMENTAL INFORMATION



**GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
GENERAL FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 250,755	\$ 264,523	\$ 272,294
State sources	329,162	361,307	355,051
Federal sources	398,366	42,530	34,200
TOTAL REVENUES	978,283	668,360	661,545
EXPENDITURES:			
Supporting services	921,593	674,219	648,479
TOTAL EXPENDITURES	921,593	674,219	648,479
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	56,690	(5,859)	13,066
OTHER FINANCING SOURCES (USES):			
Payments received from other governmental units	87,100	105,963	137,106
Payments to other governmental units	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	87,100	105,963	137,106
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	143,790	100,104	150,172
FUND BALANCE, JULY 1	443,629	443,629	443,629
FUND BALANCE, JUNE 30	\$ 587,419	\$ 543,733	\$ 593,801

The accompanying notes to the financial statements are an integral part of this statement.



**GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
SPECIAL EDUCATION FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 1,355,074	\$ 1,397,881	\$ 1,395,088
State sources	698,894	789,100	811,530
Federal sources	912,132	906,130	911,482
TOTAL REVENUES	2,966,100	3,093,111	3,118,100
EXPENDITURES:			
Instruction	1,183,218	1,160,627	1,142,610
Supporting services	1,767,011	1,671,649	1,640,998
TOTAL EXPENDITURES	2,950,229	2,832,276	2,783,608
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	15,871	260,835	334,492
OTHER FINANCING SOURCES (USES):			
Payments received from other governmental units	28,000	13,343	15,196
Payments to other governmental units	(153,056)	(303,038)	(324,311)
TOTAL OTHER FINANCING SOURCES (USES)	(125,056)	(289,695)	(309,115)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(109,185)	(28,860)	25,377
FUND BALANCE, JULY 1	419,603	419,603	419,603
FUND BALANCE, JUNE 30	\$ 310,418	\$ 390,743	\$ 444,980

The accompanying notes to the financial statements are an integral part of this statement.



**GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL -  
VOCATIONAL EDUCATION FUND**

For the Year Ended June 30, 2008

	Budgeted Amounts		Actual (Budgetary Basis) (Note 1)
	Original	Final	
REVENUES:			
Local sources	\$ 588,938	\$ 617,150	\$ 636,915
State sources	118,251	99,143	78,345
Federal sources	185,934	185,934	185,934
TOTAL REVENUES	893,123	902,227	901,194
EXPENDITURES:			
Instruction	372,919	408,690	403,266
Supporting services	476,817	436,712	435,447
TOTAL EXPENDITURES	849,736	845,402	838,713
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	43,387	56,825	62,481
FUND BALANCE, JULY 1	336,785	336,785	336,785
FUND BALANCE, JUNE 30	\$ 380,172	\$ 393,610	\$ 399,266

The accompanying notes to the financial statements are an integral part of this statement.



**GOGEBIC-ONTONAGON INTERMEDIATE**  
**SCHOOL DISTRICT**

**FEDERAL SINGLE AUDIT REPORTS**

For the Year Ended June 30, 2008

GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Gogebic-Ontonagon Intermediate School District  
Bergland, Michigan

We have audited the financial statements of Gogebic-Ontonagon Intermediate School District as of and for the year ended June 30, 2008, and have issued our report thereon dated October 22, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Gogebic-Ontonagon Intermediate School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gogebic-Ontonagon Intermediate School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Gogebic-Ontonagon Intermediate School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weakness. We did not identify any deficiencies in internal control over financial reporting that we consider to be a material weakness, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Gogebic-Ontonagon Intermediate School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)**

This report is intended solely for the information of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Anderson Tackman & Co. P.C.*

ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

October 22, 2008

ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133**

Board of Education  
Gogebic-Ontonagon Intermediate School District  
Bergland, Michigan

**Compliance**

We have audited the compliance of Gogebic-Ontonagon Intermediate School District with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement*" that are applicable to each of its major federal programs for the year ended June 30, 2008. Gogebic-Ontonagon Intermediate School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Gogebic-Ontonagon Intermediate School District's management. Our responsibility is to express an opinion on Gogebic-Ontonagon Intermediate School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Gogebic-Ontonagon Intermediate School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Gogebic-Ontonagon Intermediate School District's compliance with those requirements.

In our opinion Gogebic-Ontonagon Intermediate School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of Gogebic-Ontonagon Intermediate School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Gogebic-Ontonagon Intermediate School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Gogebic-Ontonagon Intermediate School District's internal control over compliance.



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH  
OMB CIRCULAR A-133  
(Continued)**

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



ANDERSON, TACKMAN & COMPANY, PLC  
Certified Public Accountants  
Iron Mountain, Michigan

October 22, 2008

ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS





ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2007		Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2008 Accrued / (Deferred) Revenue
			Accrued Receivable	Deferred Revenue				
<u>GENERAL FUND</u>								
<u>Flow Through - Michigan Department of Education</u>								
U.S. Department of Education Even Start Source Project #070390D0722CES	84.213	225,000	24,243	-	225,000	-	-	-
		225,000	24,243	-	225,000	-	-	-
<u>Title V</u>	84.298	301	-	-	-	301	301	-
Source Project #0702500607		275	-	-	-	275	270	5
Source Project #0802500708		576	-	-	-	576	571	5
<u>Improving Teacher Quality</u>	84.367	118	-	-	-	118	-	118
Source Project #0705200607		118	-	-	-	118	-	118
Source Project #0805200708		236	-	-	-	236	-	236
<b>TOTAL MICHIGAN DEPARTMENT OF EDUCATION</b>		225,812	24,243	-	225,000	812	571	241
<u>Flow Through Department of Education</u>								
Small Rural School Achievement Source Project #S358A052654	84.358A	22,179	8,330	-	20,656	1,523	9,853	-
Source Project #S358A052654		19,511	-	-	-	8,347	7,933	414
		41,690	8,330	-	20,656	9,870	17,786	414
<u>Flow Through Dickinson-Iron ISD Teaching American History</u>	84.215X	48,656	18,926	-	46,276	1,214	20,140	-
Source Project #U215X040066								
<u>Flow Through Marquette Alger RESA</u>	84.318	22,308	-	-	-	22,305	9,390	12,915
Title II Part D Source Project #074240/2-1								
<b>TOTAL GENERAL FUND</b>		\$ 338,466	\$ 51,499	\$ -	\$ 291,932	\$ 34,201	\$ 47,887	\$ 13,570

The accompanying notes to the financial statements are an integral part of this statement.



ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
For the Year Ended June 30, 2008

Awarding Agency/ Award Description	Federal Catalog Number	Approved Grant Award Amount	July 1, 2007		Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2008 Accrued / (Deferred) Revenue
			Accrued Receivable	Deferred Revenue				
SPECIAL EDUCATION FUND								
Flow Through - Michigan Department of Education								
U.S. Department of Education 94-142 Flow Through								
Source Project #0704500607	84.027	\$ 657,760	\$ 125,309	\$ -	\$ 607,582	\$ 50,177	\$ 175,486	\$ -
Source Project #0804500708		646,634	-	-	-	646,634	629,535	17,099
		1,304,394	125,309	-	607,582	696,811	805,021	17,099
94-142 Pre-School								
Source Project #0704600607	84.173	21,947	534	-	21,947	-	534	-
Source Project #0704600708		21,713	-	-	-	21,713	21,354	359
		43,660	534	-	21,947	21,713	21,888	359
Infant & Toddler								
Source Project #071340190	84.181	70,594	19,385	-	58,647	11,947	31,332	-
Source Project #081340190		69,242	-	-	-	64,384	41,526	22,858
		139,836	19,385	-	58,647	76,331	72,858	22,858
Special Education State Initiated								
Source Project #070490TS	84.027	60,000	10,291	-	60,000	-	10,291	-
Source Project #070480EOSD		45,000	4,500	-	45,000	-	4,500	-
Source Project #080490TS		50,000	-	-	-	50,000	42,967	7,033
Source Project #080480EOSD		45,000	-	-	-	45,000	42,300	2,700
Source Project #0804400708		4,000	-	-	-	4,000	-	4,000
		204,000	14,791	-	105,000	99,000	100,058	9,733
TOTAL MICHIGAN DEPARTMENT OF EDUCATION								
		1,691,890	160,019	-	793,176	893,855	999,825	50,049
Flowthrough Marquette-Alger ISD								
UP Cares Grant	84.027A	1,431	1,211	-	1,431	-	1,211	-
Source Project #0704903D51		2,498	-	-	-	1,590	371	1,219
Source Project #0804703D51		3,929	1,211	-	1,431	1,590	1,582	1,219
Medicaid Outreach								
	93.778	16,036	-	-	-	16,036	16,036	-
		\$ 1,711,855	\$ 161,230	\$ -	\$ 794,607	\$ 911,481	\$ 1,017,443	\$ 51,268
TOTAL SPECIAL EDUCATION FUND								

The accompanying notes to the financial statements are an integral part of this statement.



ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2008

Awarding Agency/ Award Description	Federal Catalog Number	July 1, 2007		Prior Year Expenditures	Current Year Expenditures	Current Year Receipts	June 30, 2008 Accrued / (Deferred) Revenue
		Approved Grant Award Amount	Accrued Receivable				
<b><u>VOCATIONAL EDUCATION FUND</u></b>							
Flow Through - Michigan Department of Education							
U.S. Department of Education							
Regional Allocation							
	84.048	120,191	5,738	120,191	-	5,738	-
Source Project #0735207012-1		118,567	-	-	118,567	84,359	34,208
Source Project #0835208012-1		238,758	5,738	120,191	118,567	90,097	34,208
Vocational Education Tech-Prep							
Education							
Source Project #0735407014-1	84.243	64,732	13,501	64,732	-	13,501	-
Source Project #0835408014-1		67,367	-	-	67,367	39,412	27,955
		132,099	13,501	64,732	67,367	52,913	27,955
TOTAL MICHIGAN DEPARTMENT OF EDUCATION / VOC ED FUND							
		370,857	19,239	184,923	185,934	143,010	62,163
TOTAL ALL FUNDS FEDERAL FINANCIAL AWARDS							
		\$ 2,421,178	\$ 231,968	\$ 1,271,462	\$ 1,131,616	\$ 1,298,340	\$ 127,001

The accompanying notes to the financial statements are an integral part of this statement.



ANDERSON, TACKMAN  
& COMPANY, P.L.C.  
CERTIFIED PUBLIC ACCOUNTANTS

GOGEBIC-ONTONAGON INTERMEDIATE SCHOOL DISTRICT

SCHEDULE OF FEDERAL AWARDS PROVIDED TO SUBRECIPIENTS

For the Year Ended June 30, 2008

Awarding Agency/ Award Description	Federal Catalog Number	Subrecipient Grant Award Amount	July 1, 2007		Prior Year Expenditures	Current Year Transfers	Amounts Reported By Subrecipient	June 30, 2008 Due To / Due From Subrecipient
			Due To Subrecipient	Due From Subrecipient				
VOCATIONAL EDUCATION								
<u>Vocation Education Tech-Prep Education</u>	84.048							
Source Project #083520/8012-1								
<u>Subrecipient</u>		71,140	-	-	-	71,140	71,140	-
Copper Country ISD		71,140	-	-	-	71,140	71,140	-
Sub-Total								
<u>Vocation Education Tech-Prep Education</u>	84.243A							
Source Project #083540/8014-1								
<u>Subrecipient</u>		13,917	-	-	-	13,917	13,917	-
Gogebic Community College		30,315	-	-	-	30,315	30,315	-
Copper Country ISD		44,232	-	-	-	44,232	44,232	-
Sub-Total								
Total Awards Provided to Subrecipients		\$115,372	-	-	-	\$115,372	\$115,372	

The accompanying notes to the schedule of federal financial awards are an integral part of this statement.

**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**NOTES TO SCHEDULE OF FEDERAL FINANCIAL AWARDS**

For the Year Ended June 30, 2008

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards is a summary of the activity of Gogebic-Ontonagon Intermediate School District's federal award programs and presents transactions that are included in the financial statements of the District presented on the accrual basis of accounting, as contemplated by accounting principles generally accepted in the United States of America.

**NOTE 2 - FOOD DISTRIBUTION**

Non-monetary assistance is reported in the schedule using the Recipient Entitlement Balance Report and other district records. Spoilage or pilferage, if any, is included in expenditures.

**NOTE 3 - COST REPORTS**

Management has reported the expenditures in the Schedule of Expenditures of Federal Awards equal to those amounts reported in the annual or final cost reports.

**NOTE 4 - GRANTS SECTION AUDITORS' REPORT**

Management has utilized the Grants Section Auditors' Report (Form R7120) in preparing the Schedule of Expenditures of Federal Awards



**GOGEBIC-ONTONAGON INTERMEDIATE  
SCHOOL DISTRICT**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the Year Ended June 30, 2008

**A. SUMMARY OF AUDITORS' RESULTS**

1. The auditors' report expresses an unqualified opinion of the general purpose financial statements of Gogebic-Ontonagon Intermediate School District.
2. There were no significant deficiencies relating to the audit of the general purpose financial statements.
3. There were no instances of noncompliance material to the general purpose financial statements of Gogebic-Ontonagon Intermediate School District.
4. There were no significant deficiencies relating to the audit of the major federal award programs as reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for Gogebic-Ontonagon Intermediate School District expresses an unqualified opinion.
6. There were no audit findings relative to the major federal award programs for Gogebic-Ontonagon Intermediate School District.
7. The programs tested as major programs included: CFDA No. 84.027 94-142 Flow Through and CFDA No. 84.173 94-142 Pre-School.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Gogebic-Ontonagon Intermediate School District was determined to be a low-risk auditee.

**B. FINDINGS – FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

**D. SUMMARY OF PRIOR FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

None

